

Message Text

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70

ACTION ACDA-19

INFO OCT-01 ARA-16 EUR-25 NEA-14 IO-14 ISO-00 AEC-11 AF-10

CIAE-00 DODE-00 EA-11 PM-07 H-03 INR-11 L-03 NASA-04

NSAE-00 NSC-07 OIC-04 SP-03 PA-04 PRS-01 RSC-01

SCI-06 SS-20 USIA-15 SAJ-01 FEA-02 DRC-01 /214 W

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P 272132Z AUG 74

FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC PRIORITY 4351

INFO USMISSION IAEA VIENNA PRIORITY

USAEC GERMANTOWN

AMEMBASSY BUENOS AIRES

AMEMBASSY BRASILIA

USMISSION GENEVA

AMEMBASSY MOSCOW

AMEMBASSY NEW DELHI

AMEMBASSY BONN

AMEMBASSY PARIS

C O N F I D E N T I A L OTTAWA 2754

E.O. 11652: GDS

TAGS: PARM, TECH, IAEA, AR, CA

SUBJECT: ARGENTINE SAFEGUARDS AGREEMENT WITH IAEA

REF: IAEA VIENNA 7414

1. GOC ACUTELY AWARE OF PROBLEMS OUTLINED IN REFTEL VIS-A-VIS DANGERS OF DEBATE AT SEPTEMBER 13 IAEA BOARD OF GOVERNORS MEETING ON RIO TERCERO SAFEGUARDS AGREEMENTS. IN FACT, HURST, PRESIDENT OF THE ATOMIC ENERGY CONTROL BOARD (AECB) WHICH IS RESPONSIBLE PROGRAM AGENCY FOR CANADIAN SAFEGUARDS POLICY AND ACTIVITIES, DECIDED TODAY, AUG 27, TO ALTER LONGSTANDING PLANS AND ATTEND BG MEETING PERSONALLY, ON BASIS OF EVIDENCE AVAILABLE TO THIS EMBASSY, MISSION AND DEPARTMENT MAY CONTINUE TO COUNT ON STRONG SUPPORT FOR ADEQUATE SAFEGUARDS FROM AECB AND EXTAFF.

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2. OFFICIAL GOC SUPPORT FOR ADEQUATE SAFEGUARDS AND A SO-FAR, UNWAVERING PUBLIC FACE FOR THIS POLICY IS NOT REPEAT NOT, HOWEVER, THE FULL STORY AS PREVIOUS EMBASSY REPORTING HAS POINTED OUT. THERE ARE STRONG FORCES IN CANADA, PRINCIPALLY LOCATED IN AECL AND THE MINISTRIES OF INDUSTRY, TRADE & COMMERCE AND ENERGY, MINES & RESOURCES WHICH ARE OPPOSED IN PRINCIPLE TO THE OFFICIAL POSITION AND BELIEVE THAT IT REPRESENTS AN ECONOMIC SELLOUT OF CANADA'S POTENTIAL IN THE NAME OF A DUBIOUS IDEAL.

3. IN VIEW OF PARA 1 AND 3 ABOVE, EMBASSY WOULD REQUEST THAT FOLLOWING POINTS BE KEPT IN MIND AND WEIGHED IN THE BALANCE WITH OTHER CONSIDERATIONS IN REACHING A DECISION TO APPROACH CANADIANS WITH PROPOSAL THAT THEY TAKE STRONG POSITION WITH ARGENTINES BILATERALLY IN ATTEMPT TO AVOID DEBATE IN BG MEETING:

A. WHILE WE WOULD HOPE THAT ANY CABINET CONSIDERATION OF THE ISSUE OF SAFEGUARDS WOULD END UP WITH CANADA'S ADHERING TO ITS PRESENT FIRM POLICY, GIVEN THE PERSONALITIES AND DIFFERING POINTS OF VIEW, A FULL-FLEDGED CABINET HEARING OF CANADA'S SAFEGUARDS POSITION IS NOT WITHOUT ITS OWN PECULIAR HAZARDS.

B. GIVEN THE TIMESCALE OUTLINED IN REFTEL AND PROBABLE NEED FOR FULL CABINET CONSIDERATION OF AN ACTION WHICH COULD BE TANTAMOUNT TO FORFEITING RIO TECERO, IT APPEARS DOUBTFUL TO US THAT THE GOC COULD TAKE EFFECTIVE ACTION ON BILATERAL APPROACH BEFORE BG MEETING, EVEN ASSUMING THAT THE CABINET CONSIDERATION RESULTED IN FULL AFFIRMATION OF BILATERAL INTERVENTION.

C. BEFORE THE USG MADE A STRONG DEMARCHE ASKING CANADA TO INTERVENE BILATERALLY TO FORESTALL THE ARGENTINES, CAREFUL WEIGHT SHOULD ALSO, IN OUR VIEW, BE GIVEN TO THE REPERCUSSIONS WHICH MIGHT ENSUE, IF, AFTER ACCEDING TO USG DESIRES, THE ARGENTINES CANCELLED CANADIAN CONTRACT AND SUCCEEDED IN OBTAINING REACTOR, ESPECIALLY A HEAVY WATER, NATURAL URANIUM ONE, FROM AN ALTERNATE SOURCE. FYI: KNOWLEDGEABLE CANADIAN TECHNICAL SOURCES ARE NOT REPEAT NOT AS PESSIMISTIC ABOUT INDIA'S POTENTIAL ROLE AS VIEWS EXPRESSED IN REFTEL. THEY ACKNOWLEDGE INDIA'S LACK OF PRODUCTION CAPACITY, BUT SHARE REFTEL'S CHARACTERIZATION OF "ARGENTINES AS ENJOYING SUICIDAL COMPLEX"

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AND CAN FORESEE IN PURSUIT OF THAT COMPLEX A PLODDING ARGENTINE-INDIAN PROGRAM WHICH WOULD COMBINE INDIAN TECHNOLOGICAL KNOW-HOW WITH ARGENTINE PRODUCTION CAPACITIES IN A PROGRAM WITH ULTIMATE AIR OF PROVIDING BOTH COUNTRIES INDEPENDENCE FROM MAJOR OUTSIDE SUPPLIERS. END FYI.

JOHNSON

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: NUCLEAR AGREEMENTS, NUCLEAR SAFEGUARDS
Control Number: n/a
Copy: SINGLE
Draft Date: 27 AUG 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974OTTAWA02754
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D740237-0340
From: OTTAWA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740815/aaaaamdz.tel
Line Count: 113
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION ACDA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: IAEA VIENNA 7414
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 20 MAR 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <20 MAR 2002 by shawdg>; APPROVED <16 MAY 2002 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: ARGENTINE SAFEGUARDS AGREEMENT WITH IAEA
TAGS: PARM, TECH, AR, CA, IAEA
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005